

OCTOBER 2009



Jorge Alberto Solas is a beneficiary of the MCC-funded pilot project working to improve the production of high-value fruit tree crops in El Salvador.

## INSIDE:



**Cape Verde**  
Inspiring Farmers

PAGE 3



**Lesotho**  
Fostering Growth

PAGE 5



**Armenia**  
Delivering Results

PAGE 8

## Reducing Poverty: Advancing the MDGs

The international community continues to focus efforts on how to address global problems related to poverty. The Millennium Development Goals (MDGs) outline a series of targets to be achieved by 2015 to reduce extreme poverty, hunger, disease, and child mortality, and to increase gender equality, access to education, maternal health, safe drinking water, and environmental stewardship. The Millennium Challenge Corporation (MCC) is one innovative way the U.S. Government is working to help achieve the MDGs by cooperating with partners in a coordinated way. This means supporting not only country-driven programs that specifically address these goals, but also country-led policy reforms that are essential for their sustainability well beyond 2015. Partner countries are choosing to directly address the MDGs in the design of their compacts to reduce poverty. MCC's compacts with **Namibia**, **Mongolia**, and

**Lesotho**, for example, include education and health components to improve the lives of the poor. MCC's compact with **Mozambique** invests in water and sanitation systems, which contributes to the MDG to expand safe drinking water. Several compacts invest in secure tenure and land titling, giving farmers an incentive to improve cultivated land.

MCC also creates a strong incentive for policy reform that supports progress on the MDGs. Many of MCC's policy indicators converge with the MDGs, including those that assess a country's commitment to improve girls' primary school completion rates, immunization rates, gender equality, and access to water and sanitation. Moreover, most MCC threshold programs focus on a policy framework in which poverty reduction and economic growth can take root.

## Promoting Aid for Trade

Trade is one of the greatest drivers of economic development. Developing countries that expand their trade at a faster rate tend to have the largest declines in poverty, according to the World Bank's 2008 Global Monitoring Report. Many MCC partner countries have requested funding for activities that promote trade. As a result, 61 percent of MCC compact grants can be considered "Aid for Trade," making MCC the largest source of pro-growth development funds within the U.S. Government's foreign assistance portfolio over the past three years. Aid for Trade strives to enable developing countries to trade by building institutional capacity in areas such as customs and national standards, developing trade-related skills, and building the infrastructure needed to enable trade. MCC partner countries place a high priority on increasing competitiveness and facilitating domestic commerce and regional and international trade.



## Q&A with MCA-Lesotho Director Sophia Mohapi

*Mrs. Sophia Mohapi is the Director of Millennium Challenge Account-Lesotho. MCC staff recently talked with her about the partnership between Lesotho and MCC.*

### What can you tell us about the implementation of the Lesotho compact?

Implementation of the compact is still at an initial stage where we are procuring services from consultants and contractors to assist with implementation of our activities. According to our plans, construction of health centers is scheduled to commence in February or March 2010 and we will have advertised for contractors by November 2009. The Metolong Dam construction is scheduled to commence in September 2010. Construction of rural water systems is scheduled to commence in January 2010. And service providers for the automated clearing house have been secured.

### Could you cite any examples of the impact of the Legal Capacity of Married Persons Act (The Gender Act) since it was passed?

Through massive outreach campaigns conducted on gender, it is becoming more of a practice to treat married men and women equally. Basically, there seems to be a balance relating to access to financial services, which is not yet fully operational due to lack of understanding {of the law}.

### Personally, how has law affected you?

Personally, the Legal Capacity of Married Persons Act will not affect me directly as a person. However, my sons are married and I believe this will help them to be more transparent in their relationships with their spouses, thereby improving relationships through communication.

### How do you think the investments in the water sector will impact the people of Lesotho?

The investments in the water sector will impact people's lives by providing access to clean water, thereby saving time and energy which can be used to engage in income generating activities. The sanitation component will help reduce waterborne diseases, and therefore the country will



MCA-Lesotho Director Sophia Mohapi, right, with MCC Resident Country Director for Lesotho Gene McDonald.

benefit from a productive workforce who will be able to participate economically. Outreach activities geared toward making people aware of how much more they can do to improve

their lives by actively participating in projects that will improve their economic conditions will help generate the desired impact.

### How is MCA collaborating with other donor agencies?

We are collaborating with a number of donor agencies, such as the President's Emergency Plan for AIDS Relieve (PEPFAR) and Partners In Health (PIH), through constant communication and information sharing. We have recently joined the Letsema Forum, which is a forum that aims to foster cooperation, collaboration, and communication between all funders and aid providers in Lesotho. More networks will be established to continuously share information and collaborate on activities.

### Are there any plans or initiatives to ensure sustainability of the projects?

The projects are designed to be sustainable by creating lasting conditions through ownership and participation of beneficiaries. Moreover, through outreach, changes in knowledge practice and attitudes of the people of Lesotho are envisioned, especially in issues related to health, water and sanitation, gender, and land administration reform. ★



## WHAT PEOPLE ARE SAYING

"We have a lot of confidence in the development aid packages under MCC...because they are genuine, predictable, and practical."

PRESIDENT JAKAYA KIKWETE OF TANZANIA | SEPTEMBER 2009





# Project Results Inspire Farmers



Journalist Manuel Nascimento, pictured in hat, with members of the AMAFAJA Board who conducted study visits to the MCC-funded agricultural projects in the Paul district of Santa Antão.

BY Manuel Nascimento, guest contributor for Milestones. Mr. Nascimento is a writer for *Jornal ASemana* in Cape Verde, reporting on the areas of Paul and Ribeira Grande in Santo Antão.

Representing 200 families in the Ribeira da Torre Valley in the Municipality of Ribeira Grande on Santo Antão Island in Cape Verde, the Association for Integrated Development of Fajã Domingas Benta and Surrounding Areas (AMAFAJÃ) was inspired by the results achieved by the Millennium Challenge Account–Cape Verde/Ministry of Environment, Agriculture, and Marine Resources (MCA-CV/MADRRM) project in Paul Valley. AMAFAJÃ considers the MCC-funded projects a genuine revolution in the sustainable development of the agriculture sector and a real fight against poverty and wants to see this example replicated in all the island's other valleys.

On their own initiative, members of AMAFAJÃ's Board conducted study visits to the MCA-CV/MADRRM project in Paul. These trips allowed them to observe closely a majority of the projects, such as those related to soil conserva-

tion, water collection and reservoirs, water pumping systems, and drip irrigation. They also spoke directly to farmers who are benefitting from microcredit and training on land preparation and plant cultivation, agricultural products handling, packaging, and marketing.

The goal of the AMAFAJÃ Board members was to identify and evaluate the socio-economic impact of these works on development in the Paul Valley municipality and gather information and experiences about the results already achieved to enrich their own organization's socio-economic development proposal to be presented at the next General Assembly. Given that its own area covers some 11 localities devoted to agriculture, with some 218 hectares of cultivable land, AMAFAJÃ recognizes the value of learning lessons from the experiences in Paul to boost agricultural productivity and economic growth for its members too.

As part of the \$110 million compact with Cape Verde, the Watershed Management and Agriculture Support Project aims to increase agricultural productivity.



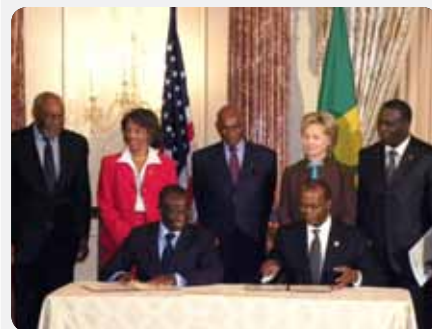
What's new  
on [mcc.gov](http://mcc.gov)



Listening to Muslim  
Communities



Smart Assistance &  
Donor Coordination



Watch the Senegal  
Compact Signing

# Global Health and Poverty: A Conversation with Sen. Bill Frist

**As a physician, can you share an experience you had in a developing nation that fueled your interest in promoting health as a currency for peace?**

In 1998, I journeyed to Lui, Sudan as a surgeon with World Medical Mission. We had no running water and no electricity. With an operating room in a bombed out schoolhouse, we worked from dawn until dusk—and into the night with the aid of a flashlight. In spite of occasional attacks, people from across the region got word about our health care and traveled many miles for simple surgeries like hernia repair. When these people came to Lui, supporting family would sell food or goods. Slowly, over the years, I returned to find more and more people had moved to Lui, setting up tukuls, or small huts. With a presence of health care, commerce, education, and community began to flourish.

**In your opinion, what are the major diseases affecting the world's poor today that MCC and the donor community can address?**

We can put an end to the needless deaths of some 6 million young children who suffer from preventable, treatable illness like pneumonia or diarrhea. For the cost of \$44 per child, we could provide preventative and curative care. Water-borne illnesses are also a major cause of disease in the developing world. Thanks to both MCC and the donor community, wells and waterlines are allowing many in developing nations to have access to something we take for granted: clean water. Also, household items like bednets to combat malaria or shoes to fight many of the neglected tropical diseases are simple ways donor communities can get involved to promote healthier lives among the world's poorest.



*In July 2008, Senator Bill Frist visited MCC-funded water projects in the rural village of Chimoio in Mozambique.*

**What role do you see MCC and the donor community playing in improving health care systems around the world?**

MCC is taking a systemic and innovative approach to global health care. From the outset, MCC evaluates a country's immunization rates, total public expenditure on health, and commitment to combating corruption to determine where to invest its development grants. This smart approach ensures that U.S. dollars are spent wisely in countries already taking steps to do their part to strengthen the health of their citizens. Thinking about a multi-dimensional yet integrated approach, combining access to health care with good roads, clean water, good governance, and sustainable health infrastructure will be key to the success in achieving the Millennium Development Goals. The donor communities' support in joining in this global partnership will be paramount to improving health care systems around the world.

*Former U.S. Senate Majority Leader Bill Frist, M.D. is an active advocate on global health issues and a member of MCC's Board of Directors. Senator Frist recently released his book, "A Heart to Serve: The Passion to Bring Health, Hope, and Healing."*

## *MCC Partners at UN General Assembly*

Albanian Prime Minister Sali Berisha speaks at a public forum on country-led development hosted by MCC and InterAction held on the margins of the UN General Assembly meetings in September. President Jakaya Kikwete of Tanzania and President Blaise Compaore of Burkina Faso also participated.





# Healthy Communities Fuel Healthy Economies

A healthy population is a critical component of sustainable economic growth. MCC has invested over half a billion dollars in projects to improve health as part of its compacts and threshold programs. MCC-funded projects in partner countries are providing immunizations for children, access to maternal healthcare for women, and clean water and sanitation services for families and communities.

Corruption in the health sector of many developing countries threatens sufficient and timely delivery of health-care services. In **Kenya**, \$4 million of MCC's \$12.7 million threshold program is working to strengthen transparency and accountability in Kenya's Ministry of Health. This will reduce corruption in the provision of essential services, including state-run maternal and child health initiatives.

**Indonesia's** \$20 million MCC threshold program is supporting the government in reaching infant immunization targets: MCC-funded training of government workers in immunization program management, supportive supervision, and vaccine supply management has led to the administration of critical vaccines to over 5 million children.

In **Lesotho**, nearly one out of every four people between the ages of 15 and 49 is HIV-positive. This high prevalence of HIV has tremendous social and humanitarian costs, and adversely affects Lesotho's labor-intensive agrarian economy on a broader scale, stifling efforts to generate sustainable economic growth. Forty percent of funding under MCC's compact with Lesotho is directed toward strengthening the delivery of health services, including increased access to and HIV/AIDS and tuberculosis prevention and treatment. MCC's health initiatives in Lesotho are carried out in partnership with PEPFAR, achieving the highest quality of health services and efficient distribution of U.S. taxpayer dollars.

Water-borne diseases remain the second leading cause of death, after respiratory illnesses, for children in developing

countries. MCC compacts include \$530 million in water and sanitation improvement projects in a number of countries, including **Burkina Faso, El Salvador, Georgia** and **Mozambique**. An estimated 90,000 residents of El Salvador's poorest regions, for example, will have access to a clean, safe water supply as a

holistic approach to global health within the donor community at large. "Good governance, healthcare systems, decent infrastructure to provide public health — these are all required," Ambassador Shelton-Colby stated.

MCC is committed to working with partners through an integrated approach



*Community members in the region of Mafeteng in Lesotho are reducing the spread of germs by using reusable bottles for hand washing. Simple techniques such as this will help maximize the impact of future MCC investments.*

"WE NEED TO GET MORE COLLABORATION IN THE HEALTH AND ECONOMIC GROWTH AREA, IN THE HEALTH AND EDUCATION AREA, IN HEALTH AND WATER — HEALTH AND NUTRITION — HEALTH AND AGRICULTURE"

— AMBASSADOR SALLY SHELTON-COLBY | JULY 2009

result of an MCC-funded \$24 million water and sanitation project.

MCC and the Global Health Council partnered in July to hold a public forum on poverty and global health. Ambassador Sally Shelton-Colby, former Deputy Secretary-General of the Organization for Economic Cooperation and Development (OECD) and former Assistant Administrator of the Bureau for Global Programs at USAID, delivered a keynote address on the importance of a

to strengthen global health, one that develops national health sectors and establishes good governance, while simultaneously funding projects that deliver health services directly to those who need them most. When a population is healthy, its members are able to attend school, start businesses, participate in civil society, and engage in local and global economies. This engagement is central to MCC's goal of poverty reduction through economic growth.



## MCC and Senegal

In September MCC signed a five-year, \$540 million poverty reduction compact with the Republic of Senegal. The grant will fund road rehabilitation and food security initiatives in some of the country's poorest regions. In her remarks, Secretary of State Hillary Rodham Clinton said, "While this is an agreement between our two countries, it will rely on more than our governments to ensure that it works, lasts, and delivers results for the people of Senegal. MCA-Senegal, the entity accountable for implementing the Compact, will work with representatives from throughout Senegalese society – the public sector, the business community, NGOs, and citizens – to ensure that the route to economic opportunity crosses every doorstep."



## Crossing Thresholds to Progress: Results in Four Countries

MCC's threshold program is designed to assist countries that do not meet MCC's compact eligibility criteria but have demonstrated a commitment to improving their performance on MCC's policy indicators. To date, MCC has signed threshold agreements with 19 countries. **Jordan, Paraguay, the Philippines, and Zambia** recently concluded their programs.

**Jordan's** \$25 million threshold program was designed to strengthen democratic institutions by broadening public participation, increasing government transparency, and enhancing trade efficiency. Jordan modernized its customs administration and strengthened local governance mechanisms in nine municipalities. In partnership with USAID and the Jordanian National Commission for Women, the Jordan Women's Knowledge Network was successfully launched to provide a platform for learning and sharing among female municipal council members.

**Paraguay** concluded its first threshold program, which focused on reducing impunity and corruption in the economic sector. The MCC-funded program created a forensics lab to assist criminal investigations and prosecutions by Paraguayan law enforcement, and streamlined business registration procedures to help reduce the days to register a business from 74 to 35 days. MCC recognized the government's ongoing commitment to fighting corruption through a second threshold program. Paraguay's "Stage II" threshold program aims to further decrease opportunities for corruption and improve public confidence in the government.

In the **Philippines**, MCC's \$20.7 million threshold program supported the government's efforts to fight corruption. The threshold program provided assistance to the Office of the Ombudsman and Department of Finance through training, technical assistance, support for inter-agency collaboration, and IT

equipment to over 3,000 investigators, lawyers, and prosecutors in charge of pursuing corruption, tax evasion, and smuggling cases. All performance targets were met, including an increase in the annual conviction rate at the Office of Ombudsman from 19 percent to 76 percent and an increase in the number of cases filed against smugglers and tax evaders at the Department of Justice from 11 to 95 and 44 to 117, respectively.

**Zambia's** \$22.7 million threshold program focused on two goals: tackling corruption and reducing barriers to trade and investment. The program promoted government accountability and transparency, enhanced public access to information and services, and improved administrative efficiency. In 2006, for example, small business owners in Zambia reported waiting 35 days for documents to be processed; today, business owners report a processing time of 18 days.





# Georgian Women Churn Milk into Economic Opportunity

Empowering farmers to boost their productivity is key to building their capacity for long-term growth. What is unfolding in the rural areas of Georgia through MCC's assistance is proof of how this is working. Consider, for example, the milk processing enterprise in the village of Tibaani, owned by the Kakheti Livestock Growers Association, which was founded in 2003 by 45 local farmers. The association's main activity is to collect milk from four different locations and sell it. Initially, the association received funding from the Swedish International Development Cooperation Agency (SIDA) to establish milk collection centers, complete with modern equipment and a mini lab. These funds helped them expand and train employees. As the association's director Ms. Nino Siprashvili says, "Thanks to this training received, our team had no problem filling out the Millennium Challenge Georgia (MCG) Agribusiness Development Activity (ADA) application for a grant, with which we have been able to expand our milk collection activities to include dairy processing and an enterprise equipped with modern technology." Because of the MCG ADA grant, the facility now includes collection, processing and sales of different types of cheese (Imeruli, Georgian, Sulguni, and Gauda). As a growth multiplier, the enterprise purchases from at least 100 farmers in this district and created over 12 new jobs to date.

Women are benefiting directly as both authors and winners of grant proposals as well as employees who work hard to develop domestic agricultural products. These MCC grants are helping thousands of entrepreneurs improve their businesses, contributing to the Georgian economy and reducing poverty through sustainable growth.

As part of Georgia's \$395.3 million MCC compact, ADA



*Ms. Siphashvili presents the cheese produced by the Kakheti Livestock Growers Association to Georgian dignitaries. The association's facility has improved and now includes collection, processing and sales of four different types of cheese.*

matches grants to small and medium agribusinesses, and demand for such funding continues to increase with a significant number of high-quality grant applications vying for consideration. To date, over 180 grant agreements have been signed and over \$9.6 million dollars have been committed to assist primary producers, value-chain initiatives and farm service centers.

## DONOR COORDINATION

# MCC & USAID: Protect the Environment, Promote Growth

Forestry plantations in Nicaragua are frequently affected by wild forest fires. According to a government study conducted in 2008, Nicaragua is at high risk for forest fires, with 170 communities at risk and over 7,000 families potentially impacted. Recognizing that this risk is an impediment to sustainable poverty reduction and economic growth, MCC and USAID are collaborating on an integrated and sustainable solution.

As part of the MCC-funded Rural Business Development component, MCA-Nicaragua, responsible for implementing Nicaragua's \$175 million MCC compact, is partnering with the USAID

Regional Disaster Assistance Program to improve and ensure sustainability in forestry management, using existing organizational structures both at municipal and regional levels. This partnership has supported coordinated forest fire awareness through workshops, the printing of informational materials, tours to build support among community organizers, and training. Both MCC and USAID are working with the Government of Nicaragua in sharing best practices, building capacity through training to promote community involvement, and funding equipment to help control fires. This collaboration protects not only the environ-

ment but also vital community resources necessary for the long-term economic growth for the people of Nicaragua.

The Rural Business Development component aims to increase profits and wages among farms and non-farm businesses, helping them develop higher-profit agriculture and agribusiness enterprises. In addition to protecting the environment from forest fires, MCC assistance is making a difference by offering business development support, disseminating market information, providing technical assistance to small and medium farms, and improving water supply for irrigation.

## CEO SPOTLIGHT:

# Increasing Impact through Donor Coordination

BY Darius Mans  
Acting Chief Executive Officer

In Mozambique, the MCC-funded project to expand water and sanitation builds on the work of the World Bank. In Ghana, MCC funds the construction of schools, while USAID is training teachers for them. In Benin, MCC is funding the construction of nine court-houses based on designs provided by the European Union. In Senegal, which just signed its compact in September 2009, MCC projects complement the work of virtually every other donor at work in that country. As these examples illus-

trate, MCC and other donors realize that winning the fight against global poverty requires willing donors—each with their unique competencies and mandates—to coordinate efforts, learn from one another, leverage resources, and build on each other's successes.

In these challenging economic times, MCC is committed to strong donor coordination as a prerequisite for sustainable development. MCC's standard practice requires partner countries to inventory and then factor the work of every donor into the planning and implementation of their MCC-funded programs. Donor coordination is not an

afterthought, but integral to MCC's work right from the start. This makes MCC's aid effective by streamlining initiatives and avoiding costly duplications. Such an integrated approach is a smart investment of U.S. taxpayer dollars, stretching our development dollars to their maximum benefit. Coordinating with other donors will allow MCC to continue delivering results that matter in the lives of the world's poor.

*Darius Mans assumed duties as MCC's acting CEO in August 2009.*



*MCC's investments in irrigation infrastructure in Armenia, "will have a significant impact on reducing poverty in the country," MCC Resident Country Director Alex Russin says.*



WINDOW to the FIELD:

## Alex Russin in Armenia

When people ask me to describe what we are doing in Armenia, I sometimes simplify by saying we are helping to invest in both the 'hardware and software' of Armenia's agriculture sector. In Armenia, agriculture is essential for the national economy and particularly critical for food security and for the alleviation of poverty in rural areas. Over a third of the country's total population lives in rural areas and depends on agriculture. However, Armenia is an arid country and little can be grown without the help of manmade irrigation systems, which, unfortunately, are rapidly deteriorating. This is one reason why MCC's investment in irrigation infrastructure, such as in the main canal, (pictured at left), will have a significant impact on reducing poverty in the country. Fixing canals is part of investing in the 'hardware' and when complete, MCC will have invested over \$113 million in refurbishing canals, pumping stations, drainage systems, and other irrigation system improvements to help secure the country's agricultural production.

In order for MCC's infrastructure investments to last, there needs to be

a complementary investment in the farmers' knowledge and the institutional management of the irrigation system. Keeping an eye on sustainability, MCC is investing \$33 million in activities that will increase farmer productivity, boosting their incomes and allowing them to contribute, through water user fees, to the long-term maintenance of the irrigation infrastructure. To date, over 28,000 farmers in approximately 300 communities in Armenia have received training in water management technologies and higher value agriculture. At the same time, over \$3 million in small loans have been issued to encourage entrepreneurship and further productivity. Investing in farmers and the farming institutions is investing in the 'software' that will make the infrastructure investments sustainable.

After three years in Armenia, it is clear that Armenians chose wisely where to invest their compact funds and are doing so in a responsible way.

*Alex Russin is the MCC Resident Country Director in Armenia.*



*Milestones is a publication of  
MCC's Department of  
Congressional and Public Affairs.*